CA1
FN1
-B77

Government

FINANCES OF THE DOMINION OF CANADA.

BUDGET SPEECH,

DELIVERED BY

SIR LEONARD TILLEY,

MINISTER OF FINANCE,

IN THE HOUSE OF COMMONS OF CANADA, ON FRIDAY, FEBRUARY 18, 1881.

Ottawa, Canada:

1881.

LIBRARY
AUG 7 1980
UNIVERSITY OF TORONTO

Government
Publications

FINANCES OF THE DOMINION OF CANADA.

BUDGET SPEECH

DELIVERED BY

SIR LEONARD TILLEY,

Minister of Finance,

IN

THE HOUSE OF COMMONS OF CANADA,

FRIDAY, FEBRUARY 18, 1881.

Sir S. L. TILLEY, in moving the House into Committee of Supply, said—In moving that you leave the chair, I desire to make a statement to the House, and in doing so I cannot do better than follow the course to some extent pursued when this duty devolved upon me last session, and, indeed, I may say the previous session. I then, sir, contrasted the position I occupied with the position in which I was placed as Finance Minister submitting my statement in 1873. I called the attention of the House at that time to the fact that in 1873 I could point to a full treasury, to a prosperous condition of the country, and to a hopeful state of things for the future. In 1879 matters had materially changed. I had to point out to the House the fact that for three or four years there had been a deficit, that the trade of the country was very much depressed, that our manufacturing and other industries were very nearly crushed out, and that it became an important and serious duty for the Government then to inquire what steps should be taken or could be taken for the purpose of remedying the existing evil. At that time the Government submitted propositions to the House which they considered were calculated to remedy this difficulty, and last session I was in the happy position of being able to say that to a very great extent the result of the measures that had been submitted and

carried through Parliament had been to restore confidence (hear, hear), had had the effect of restoring the revenue and of giving an impetus to our manufacturing and other industries. Though we were not, from circumstances over which we had no control, at that time in a position to state that the receipts of the year would equal the expenditure, still we expressed the hope and the firm conviction that when Parliament next met we would be in a position to assure the House and the country that, as far as the financial operation of the tariff was concerned, it would be found to be ample for all purposes. I am, sir, in the happy position to-day of being able to affirm, to confidently affirm that the most sanguine expectations of the Government and of our friends behind us, the most sanguine expectations of our supporters in the country have been within two years fully realized (applause). I had, sir, at the last session to state that, owing to circumstances over which we had to a great extent, no control, we were compelled to come down to the House and ask over and above the estimates of the year previous $200,000 for the relief of Indians in the North-West. We came to the House and asked, also, and it was cheerfully granted, for $100,000 for the relief of our suffering countrymen in Ireland. We also asked for sums to meet engagements not anticipated the year previous. We were, therefore, compelled to admit that upon the basis of calculation made in 1879 and 1880 there would be a deficiency of $500,000 between receipts and expenditure last year. Sir, I am happy to say that upon the calculations that were made, so far from the deficiency being half a million, it was reduced to $243,288. But I think I hear some hon. gentleman opposite say the public accounts show that the difference between receipts and the expenditure was something like $1,500,000. Well, sir, that is quite true, but let me call the attention of the House to the fact that in 1879-80 I submitted for their consideration a tariff the revenue-producing power of which I stated we estimated at $2,600,000 per annum more than the existing tariff, or, in other words, that the revenue during the next year would, under the new tariff, be $2,600,000 more than under the old tariff, and deducting sums paid as drawbacks, there would be an increased revenue upon goods consumed during the fiscal year of 1879-80 of $2,500,000. Well, sir, I said at that time that in that estimate there would be $700,000 customs that would be

collected in the year previous, or, to use the language of my predecessor, which would be borrowed from the following year (hear, hear). I also stated that from the excise duties collected the previous year there would be $600,000 borrowed from the next year, and that from the enormous withdrawal from bond the imports and excisable goods within the first three months of January, February and March, had exceeded in customs a million and three or four hundred thousand dollars, and excise $1,100,000 the figures for the corresponding three months of the year previous. My calculations were based upon the producing power of the tariff, because it will be quite apparent to the House that, no matter when propositions or changes of tariff are made, there always will be anticipations of imports and withdrawals from bond of a large amount of goods that must take necessarily from the following year revenue that properly belong to that year. If my calculations had been based on the revenue simply to be received the following year, it would be quite apparent to the House that we would have to increase the tariff in order to make up the actual receipts of that year $1,300,000 more than was necessary for subsequent years, because that, sir, would have been anticipated in the year previous. It is perfectly well known to members of this House, that in discussing this subject in the controversy that was had in 1874 and in 1875, renewed in 1879 and continued in 1880, with reference to the proposals of expenditure and income made by myself in 1873, and its effect on the revenues and expenditures of that year; that the actual receipts that year were in excess of expenditure between $800,000 and $900,000. I am sure no member on this side of the House ever claimed that the sum collected in that year shoul be placed to our credit on the basis of the estimates we had previously made. The hon. member opposite, my predecessor, I think estimated that he received in that year as borrowed, to use his own terms, from the following year, something like $1,500,000. At all events, there was very little discussion as to the amount. There was some discussion as to the expenditure that properly belonged to that year; certainly it was never claimed by the present Minister of Railways or by the hon. member for Niagara, who took up this subject, and it was never claimed by myself last year or before, that we had a right to that $1,500,000. We now claim that the $1,300,000 received on goods consumed

in 1879 and 1880 should be fairly taken into account as establishing the producing power of the new tariff. Well, sir, on that basis, the estimate for that year was $24,450,000; total cash receipts, $23,307,406; borrowed from the year 1878-79, $1,300,000; the revenue received upon the goods consumed during the year then would be $24,607,406, as against the estimated revenue of $24,450,000. The estimated expenditure of 1879-80 was $24,978,000, and the actual expenditure was $24,850,634, showing an increase of receipts over the estimate, and a decrease in the expenditure as compared with the estimate, and reducing the deficiency to $243,228. As I stated before, if it had not been for the grant necessary — and it was an extraordinary grant — to the Indians of $200,000, and if it had not been for the grant of $100,000 for the relief of our fellow-countrymen in Ireland, there would have been a balance to our credit rather than a deficit, and this fact shows that the estimates were as accurate as they could possibly be under the circumstances.

THE CURRENT YEAR.

Now then, sir, with reference to the present year, it will be remembered that the estimate of receipts made in March last for the current year, was $25,517,000; the customs revenue was estimated at $15,300,000. Hon. members will possibly recollect the statement which I made at the time, as to the basis on which I made that calculation. I estimated that there would be received during last year in cash for customs $14,000,000, which, with $700,000 added, made $14,700,000, and for excise $5,213,000. I estimated that the Customs revenue for the current year would be increased by 5 per cent., or at least that there would be an increase of 5 per cent. in the imports, which would give an additional $800,000 of revenue from this source, making in all $15,300,000; taking all the revenue together then, our income was estimated at $25,517,000. I am now, sir, in a position to state, after an experience of seven months and a half, that our income will be at least $27,586,000, against the estimate of $25,517,000 (cheers). It is quite clear now, sir, from the information which we have, that the Customs receipts for the present year will amount to $17,000,000 compared with $15,300,000 estimated in March last, that the revenue from excise will be $5,600,000, compared with the last estimate of $5,213,000; that the revenue from the post office will be about what we estimated it at last

year, $1,210,000 ; that the revenue from public works will be $2,286,-000, as we estimated last year ; that bill stamps will yield $190,000 ; that the interest from investments will be $600,000, and that the revenue from all other sources will be $700,000. The estimated expenditure made in March last, including the supplementary estimates, amounted to $25,315,786 ; the supplementary estimates which were submitted to the House a few days since, amounted to $457,608 ; this includes, I am sorry to say—for we are compelled to ask Parliament for another vote—a grant of $200,000 to meet the demands made this year for Indians, being the same amount which was required for this purpose for the year previous. But, sir, the sum total amounts to $25,773,394, less the votes which will not be expended, and which will be dropped at the close of the fiscal year, although a small proportion of them may be carried over for expenditure next year. I estimate this amount at $200,000, and I think I may, therefore, safely say that the expenditure for this year will not exceed $25,573,394. If our estimates are correct in this respect, Mr. Speaker, the surplus for the present year will be $2,011,000, or $2,000,000 in round numbers. I know that there are hon. members in the House who, not looking carefully into this matter, may have supposed, from the statements which were made from month to month, and from seeing the increase in the revenue as compared with the corresponding months of the previous year, that the revenue would have been larger and that the surplus would have been larger also, but when I call their attention to the fact that during the first six months of the fiscal year previous, $1,300,000 was lost to that year, it having been credited to the year previous, and that, therefore, in making a comparison, you have to add to the six months previous $1,300,000, they will see at once that the difference between the receipts for the first six months of the two years would be materially affected; but I think that it will be considered satisfactory to the House and to the country that, under existing circumstances, we have every prospect of having at least $2,000,000 as the surplus for the current year (cheers). So I think that beyond doubt, sir, the revenue-producing power of the present tariff and, as I will show by-and-bye, also the power of the tariff to stimulate the industries of the country (cheers) is clearly established (applause).

NEXT YEAR'S ESTIMATES.

I now, sir, come to the estimates for the next fiscal year. It is estimated that the receipts will be as follows:—Customs $17,000,000, excise $5,600,000, post office $1,300,000, bill stamps $190,000, public works, including railways, $2,360,000, and interest on investments $650,000, making, with the revenue accruing from all other sources, $27,800,000 (cheers). The estimates of expenditure submitted to the House amount to $26,189,896. I do not know at the present moment what the supplementary estimates may amount to, but they vary in different years. I trust that they will not be large, because we were exceedingly anxious to obtain all that it was possible to submit as the main estimate for the year, but I will add $200,000, for I find that two or three items are omitted, either by the clerk or by the printer, and probably this occurred during the checking off by the clerk, but stating this estimate at $200,000, the estimated expenditure for next year will amount to $26,389,896, leaving an estimated surplus of $1,410,104. Now, sir, I beg to call the attention of the House to a few of the items in the present estimate. With an increased expenditure for the next year, the House will not be surprised, sir, considering that the estimates contain an expenditure under the head of capital of something like $14,000,000 for the Pacific Railway, for canals and for other public works, that an increase in the interest on the debt will be necessary during the next year, and therefore the sum of $319,605.37 has been added to the interest on the debt and sinking fund for next year. The subsidies to provinces show an increased estimate of $33,919.78. It becomes necessary to take the census this year and under the Union Act we are required to pay 80c. a head on the increased population to all the provinces which have not a population of 400,000, and in the negotiations which are at present going on with Manitoba it is probable that there will be an increase given to that province, especially if the boundaries are extended. It is, therefore, estimated that in round numbers $34,000 will have to be added to the item of subsidies to provinces, owing to these two causes. The charges for management are increased by $10,438.68; this arises from the fact that $13,000 additional will have to be paid to the agents during the next year, as one per cent. will have to be paid on the redemption of a much larger portion of the debt than it was necessary to redeem during the current year. The estimates for public

works and buildings are increased by $127,772.97. Hon. members will remember that during the last two years, while a surplus was not anticipated, and while, on the contrary, we had to admit at the last session that there would probably be a deficit of half a million, the Minister of Public Works and his colleagues had to resist many applications in respect of works recognized as having great merit, because we did not wish to increase the expenditure beyond the income. Many of these claims which we had to reject when we felt we had not the means to provide for them, we feel we are bound to recognize now that we show an anticipated surplus of $2,000,000. In consideration of those facts, and looking to the improvement of our harbors, our navigation and our public buildings——

Sir A. J. SMITH — Hear, hear.

Sir L. TILLEY — My hon. friend opposite says "Hear, hear." I know he is hoping that his own locality will be considered. I am glad to know that he approves of the extension of these great public works. Under these circumstances, I say, the House will not be surprised, but, on the contrary, will be gratified, to know that the Government feels itself in a position to increase the expenditure on the public works to the extent of $128,000. Then there is an increased expenditure of $61,300 for the militia. During the past two years we have not been able, and did not feel ourselves called upon to add to our debt by appropriating a larger sum than was absolutely necessary for this important service. It is well known that during last year and the year previous the volunteers only received, I think, four days' drill per annum.

Hon. Mr. CARON — Six.

Sir L. TILLEY — Six, was it? I know it was about half they were in the habit of getting. It has been considered desirable and in the interests of the country that the sum for drill should be increased. The sum to be expended on ocean and river service is increased by $56,140. This arises from the fact that communications have passed between parties in France and Canada relative to the importance of establishing a line of steamers to ply between ports in the St. Lawrence, the city of Quebec and France. It would be an advantage if such a line could be established, and as it has been asserted that the French Government will contribute $100,000 towards the undertaking,

it was considered desirable to ask Parliament to place at the disposal of the Government $50,000 for the purpose of securing the establishment of that line (cheers). It may be said that under the present tariff in force in France, the amount of business that may be transacted between the two countries will not be as extensive as it would be if more favorable trade relations existed between us, but the very fact that the French Government grants $100,000 to this line will be a declaration on its part that it is prepared to liberalize its trade relations with Canada, and Canada, therefore, ought not, it appears to me, to resist for a moment an application for such a grant ; we have, therefore, asked $50,000 for the purpose. Then, sir, there has been a growing difficulty in the Maritime Provinces with reference to the communication between those provinces and Great Britain. At one time we had steamers calling once a month at the port of St. John, and they were well patronized, but they have been discontinued ; now a new state of things has arisen. The people of the Maritime Provinces for the past year or two have been turning their attention to the export of cattle and agricultural products and of fruit to Great Britain, and, from the fact that there was no line of steamers from the Maritime Provinces except from Halifax, and the steamers from that port were not exactly the kind to do the business we required them to do, we were compelled to go to the city of Quebec and take the steamers there, adding greatly to the expense of the transport, and to the loss of the people of the Maritime Provinces who were shipping. Under these circumstances, and considering the importance of the matter, the Government decided to ask Parliament to place at its disposal, for a fortnightly steamer running alternately from Halifax and St. John, to Liverpool the sum of $25,000. There has been a reduction in some other expenditures which makes the actual increase but $56,140. I doubt not this proposal will be sustained by the House and approved by the country (applause). On railways and canals the increase is $76,268. This is for repairs, which in many cases will be somewhat extensive during the approaching year, and for enlargements. There may be a question whether a portion of this sum should not be added to capital, but it was considered best under all the circumstances to ask Parliament that the sum be charged against income. The estimated post office expenditure is increased by $91,500. As will be seen by last year's estimates, we asked for an increase then, but I am happy to be able to say that while in

1879-80 there was a considerable increase in the expenditure on the postal service, there was also an increase in the revenue, although not a corresponding increase to the expenditure. During the present year there is an increased income expected from that source, and you will observe that the estimate of income mentioned by me a few minutes ago was $1,300,000, which is a sum considerably in excess of any amount we have yet received from that source. However, these items I have named make altogether $776,944, as against a total increase, including the supplementary estimates, of $884,000. When we come to these items, sir, and ask the House to vote them, we will be in a position to state more fully than I have stated just now our reasons for asking Parliament for them.

PROPOSED CHANGES IN THE TARIFF.

Having submitted the income and expenditure of 1879-80, the expected income and expenditure for 1880-81, and the estimated expenditure and income for 1881-82, hon. gentlemen may ask if, with the estimated surplus for the present year of $2,000,000 and the estimated surplus next year of $1,500,000, we propose in the resolutions we are about to lay on the table any great reduction in the tariff. My answer, Mr. Speaker, is that the propositions that we are now about to submit for the consideration of the House with reference to the amendment of the tariff are mainly for the purpose of placing a number of articles that are now subject to a 20 per cent. duty, and are considered and are, indeed, to a certain extent manufacturers' raw material, in the free list. The resolutions also provide for the increase of the duty on some manufactured articles where the Government feel that it is desirable that additional protection should be given to those particular industries. There is also a reduction of duty on two or three articles that are considered to be manufacturers' raw material, in order to place them in a better position than they were before. There are other resolutions for the purpose of smoothing, if I may use the term, the working of the Act, or, so far as our Customs' officers are concerned, to remove the difficulties which have been found to exist in working out this tariff and in fixing a uniform rate of duty by all the officials throughout the Dominion. We have found that varied rates have been fixed by different officials on the same article, and it became the duty of the Government to see if, by changing the wording or classification of the goods under a

different head, they could not remove what I admit to have been an irritation and annoyance to importers. I know that last session we removed a great many of these, and I trust the resolutions now about to be submitted will remove many more, if not the whole of them. But these resolutions will not materially affect the tariff, except, perhaps, in reducing the amount to be received, but immaterially. The Government considered the question whether it was desirable, in the present state of affairs, to ask Parliament to take the duty off certain goods or reduce the duty on others, and so materially reduce our receipts. After giving that matter full consideration, we considered it desirable, in view of the fact that even at the present, the effect of this tariff, or National Policy, as it is termed, has not been fully developed, and we do not know, as these manufactures increase and grow in the country, whether they will give back through their employés an equivalent for what we lose on goods manufactured; we do not know what will be the effect of the rapid extension,—because it is very rapid indeed, of the manufacturing industries of the country,—we thought it desirable on this ground alone to make no proposition for a large reduction of the tariff during the present session. More than that: when the tariff was brought down in 1879, it was stated distinctly that the Government was exceedingly anxious, if possible, to renew the reciprocity treaty of 1854, and as an expression of the feeling of this House, they gave the Government power to reduce *pro rata* the duty that we now collect upon the products, such as coal, lumber and grain and everything of that kind, in precisely the same proportion that the Government of the United States, or Congress, would think proper to reduce their duties, and even, if desirable, to remove them altogether. Well, sir, we know that during the last session of Congress, and they have been renewed this session, there were petitions asking the appointment of a commission to confer with the Canadian Government in reference to this matter. We do not know whether anything will grow out of that movement or not. It may result in an approach being made to our Government by the United States authorities, but the carrying out of such a policy would result in the reduction of the revenue we now receive from coal and other natural products, and as there is a possibility of that taking place, it would be impolitic for us to ask the House to reduce the revenue now received. We

thought it would not be injurious for us to be able to show in two or three years that we had a surplus of two and a half or three million dollars. It would not affect our credit abroad certainly. These are the reasons which decided us for the present not to ask Parliament for a reduction in the tariff. If there is no chance of these articles being made free; if there is no chance of our natural products having a free market in the United States; if we find that in addition to the $300,000 required for interest on our expenditure next year on the construction of the Pacific Railway we have a handsome surplus, I need not tell hon. gentlemen that we will be only too glad to relieve the people of taxation, whether to the extent of half a million or a million dollars, but at present we feel that it would be unwise to do so. I think from the facts I have submitted with reference to the state of the revenue up to the present time, facts shown by the papers laid upon the table an hour since, that there can be no question as to the revenue-producing power of the present tariff and its ability to meet all the requirements of the country.

THE PROTECTIVE POWER OF THE TARIFF.

It having proved to be a revenue-producing tariff, it now remains to be seen whether or not it has also been a protective tariff. Our friends opposite, as is well known in this House, discussed for some six weeks the tariff submitted in 1879 They took many and serious objections to many of its provisions; they met us with a statement that the tariff must prove a failure in one or the other respect, either as a revenue-producing tariff or as giving protection to the manufactures of the country. I desire to ask the House for a few moments to consider, from the evidence we have all had from our every day observations, as we must necessarily from day to day and week to week have been brought into contact with the manufacturing industries of the country, without producing a fact or figure or anything beyond the observation of every hon. member in this House, whether this tariff has not given a great impetus and stimulus to the manufacturing industries of the country. This tariff has now been in force since March, 1879, and I have given its operation careful personal consideration. I have done more: I have endeavored to obtain reliable information from every part of the Dominion as to its working and as to the effect it is producing upon certain industries, as to the new industries created and the

old ones that have been revived, and as to the general impetus it has given to the manufacturing industries of the Dominion. I do not hesitate to say that those inquiries have resulted in the most favorable returns and in the strongest possible evidence of success. (Cheers.) I know that there are hon. gentlemen in this House who will say that I and my friends are too sanguine upon this subject. I desire to present a few facts for their consideration. I would ask them how it is possible that the trade returns and other evidence presented to us could show such largely increased importation of raw material if our manufactures had not been largely extended.

INCREASE IN MANUFACTURING INDUSTRIES.

Let me, sir, in the first place, call the attention of the House to what is, in my judgment, one of the strongest evidences possible of increase in our manufacturing industries. We know there are certain industries that do not require fuel to carry them on, as steam power is not used, but in a large portion of them steam power is required,—I wish, therefore, to compare the consumption of coal in 1878-79 with the same in 1879-80. In 1878-79 we imported of coal 889,740 tons, and of Nova Scotia coal we consumed 554,603 tons. I ascertain this by taking the whole number of tons of Nova Scotia coal sold, and deducting from it the number of tons exported, the balance being the amount consumed in the Dominion. This makes a total of 1,444,343 tons altogether consumed in Canada in 1878-79. This increased importation of coal I did not calculate upon. I was not sanguine enough when I made my statement in 1878-79. I supposed that the increased consumption of Nova Scotia coal would diminish the importation and consequently less revenue would be collected upon this article. But I find that in 1879-80 we imported 973,778 tons (cheers), while of Nova Scotia coal we consumed 811,719 (renewed cheers), making the increased consumption of coal in that year over the one preceding of 341,154, the increase in Nova Scotia coal being 257,116. That bears very strongly and clearly, to my mind, upon the subject we are discussing, as to the effect of this tariff upon the manufacturing interests of the Dominion. I desire to give a little further information, because I consider this pretty strong evidence.

COTTON.

I may say, with reference to the cotton manufactures, that they have very largely increased. We have several new factories started, and

many of the old ones have been enlarged. The returns submitted to me show that there are employed to-day in the cotton factories 1,850 hands more than there were when the tariff was changed (cheers). The best evidence we have outside the evidence now before me is that the value of the products of the cotton mills have been increased about one and three-quarter millions of dollars a year, and it is said that the enterprise has not been ruinous to those engaged in it (laughter). Well, my outside inquiry leads me to the facts I have stated: that the products of the factories have increased a million and three-quarters a year, and we are now employing 1,850 hands more than last year, and that is evidence of prosperity that cannot well be gainsaid. Gentlemen may say, "But your returns are not right; you have been in communication with parties interested in this enterprise, and they have given you large figures, or, if you visited the factories yourself"—(as I heard it said in the case of some places I went to last year)—"the men were taken from the lower floor to the upper floor to make an exhibition." (Laughter.) However, I am confident that there was no ground for that statement. It might be said however that my calculations were wrong. But take the trade returns, and what do we find? We find that in the last eighteen months the imports of raw cottons (this is raw material, and we produce none in the country, and the amount imported gives a fair gauge of the extent of the manufacture) increased $871,478. Now, sir, the increased value of this material, when manufactured, is admitted to be from $1,450,000 to $1,525,000, that is, this raw material, with the labor of manufacture added, is in value $2,396,561, representing the increased value of the products of this industry in eighteen months. That bears out the statement of increase furnished me from other sources. Well, sir, a word with reference to this cotton industry. It may be said that the country pays very heavily for it; it may be said that it increases the taxation direct and indirect of the people of Canada. I stated here in my place in March last that I held in my hand a list of prices at that time of certain descriptions of cottons made in the Dominion of Canada, and those prices showed that they were sold in Canada as cheaply as they were sold by manufacturers in Massachusetts at that time. I believe there is a difference now, but it does not equal, upon this class of goods, the revenue formerly collected upon it. I have received a list of prices of a new branch of

that industry, that of knitting cotton, established in my own city. The manufacturer is supplying nearly every part of the Dominion, and his prices compare pound for pound, cent for cent with those of the New Hampshire manufactories exclusive of duty.

WOOL.

Well, sir, the next article we come to is the article of wool. Now, sir, the result of my inquiry with reference to this matter is that the products of wool during the last year in Canada have increased $2,000,000, and I am authorized to state here that the great bulk of the woollen goods manufactured in the Dominion of Canada in the last year are selling to-day cheaper than ever before, taking into account the price of the wool. Now, sir, if my statement be correct, the trade returns will show something like the same result. It is not as perfect as in the case of cotton. Of course cotton is not produced in the country, but wool is, and we consequently see that the result of the operation of this tariff is not only to increase the importation of the latter article, but to increase the demand for what we produce in our own country. The increase in the imports of wool during eighteen months amounted to $1,153,587, and the increase in the value of that produced in the country was $2,500,000, leaving an amount equal to $1,346,413 to represent the increase in labor, capital, etc., expended and invested in the industry. This result corresponds as nearly as possible with the estimates from 80 mills in the Province of Ontario, 20 in the Province of Quebec, and some in the Maritime Provinces, showing an increase in the products in all of about $2,000,000 a year.

HIDES.

We now come to another return, which forms an illustration of the increase which has taken place under the tariff in the value of the articles manufactured in the country: I refer to the article of hides. The increased value of the imports for the eighteen months was $807,-297, and in the value of the manufacture of $1,614,000, leaving for labor, bark (which is practically labor) and capital a sum of $806,703. The result of my inquiries, in so far as I have been able to obtain information from the leading industries, was all in this direction, and prove what I have stated.

IRON.

The increased value of pig iron entered for consumption during the eighteen months was $303,189. Now, sir, this is only an approximate

estimate; it is, moreover, a low estimate, and when we take into consideration the quantity which enters into the manufacture of stoves, sewing machines, etc., the value of which is, at least, $1,000,000, we find the difference between the value of the raw material and the manufactured article to be $700,000, all of which goes to pay for labor and interest on capital invested.

THE SUGAR TRADE.

Now, sir, we come to a question which has, perhaps, received more attention than any other arising out of the present tariff, an industry which is spoken of by our friends opposite as one of the pet industries of the Dominion of Canada. I refer to the article of sugar. Sir, I wish to make some statements to the House on the subject of this so-called favored industry, in the course of which, I think, I shall be able to show that it, above all others, is deserving of our support, not only as affecting the industry itself, but as affecting the general interests of the Dominion of Canada. I have seen it stated, since the trade returns were laid on the table of the House, that it is quite clear from the statements contained therein, that this is a losing industry to the country, because it is shown that in 1878-79 the value of the sugar imports was $5,650,000 and the duty derived from it $2,554,000, while the value of the imports of 1879-80 was $3,904,000 and the duty collected $2,026,000. The question is asked, "How can you explain the decrease of the imports and the decrease of the revenue, unless the money goes into the pockets of the refiners?" I will endeavor to explain, and I will leave it to the hon. gentlemen opposite to show if I am wrong. If there is any fallacy in my statement, I would like to have it exposed. We find that the value of the imports of 1878-79 and the duties collected were increased from the very cause previously referred to, that is to say, from the large importation and the withdrawal from bond of an enormous quantity of sugar that took place during the period immediately before the new tariff came into operation. We find, on looking over the imports of January, February and March of 1878, that we imported a little less than $1,000,000 worth of sugar, while in 1879, during the same period, we imported $2,000,000 worth, and the result was that we paid $225,000, that is the half of $450,000 collected upon importations of $1878-79, which belonged to the next year, and we paid $500,000 for sugar that was con-

sumed in the next year. If, therefore, you will take half of the extra duty received during the three months, and add it to the duty collected the following year, we have $2,251,692, as against $2,329,582 of the previous year. So far as the revenue of the year is concerned, you find that it makes a difference of but $77,890. Now, sir, the difference of the value of the imports between the two years, as shown in this statement, would be $746,390. It may be said that this amount is in the pocket of the refiner. I will endeavor to show where it has gone. I want the House to understand that the difference is this: the value of the imports in one year would be $5,150,000 and the next year $4,404,000, making a difference of $746,000 in the value and $77,000 in the revenue for the year. I want to explain where the amount has gone. There were 38,000 tons of sugar from the West Indies on which freight had to be paid. Now, you will recollect that the duties collected in 1878 79 were upon refined sugar, manufactured to a large extent in the United States and imported from there, and therefore we paid duty upon the labor of the refiner of the sugar, upon which freight was paid, and other charges and expenditures in the same connection, which swelled the value under that operation to $746,000. Where did it go? To freight on 38,000 tons of sugar at $6.50 per ton. We formerly received no portion of that, because it was paid by the refiners in the United States, where it was taken for the purpose of being refined, and where they paid it. That $247,000 was paid last year to the vessels that brought that sugar mainly to the ports of Montreal and Halifax. There were 24,000 tons of coal used in refining sugar in Canada last year; at $4 per ton delivered at the refineries, that amounts to $96,000. We manufactured in Canada last year 300,000 barrels, which formerly were manufactured in the United States at 32c. per barrel, amounting to $96,000; wages of 400 hands employed in refining that sugar, $160,000; wharfage, that increased the revenue of the commissioners at the port of Montreal, and cartage, mainly paid to the people of Montreal, $27,000; annual charges and other expenditures for refining material, depreciation of stock, etc., $40,000; interest on investments on the two establishments then in existence, $49,000; insurance on the buildings, $12,000; 1½ per cent. premium of insurance on the sugar that was imported, $67,500; you will find that these added make a total of $794,500 as against the $746,390 stated before. It will

be difficult, until the trade and navigation returns for this year are before Parliament, to make accurate comparisons, but for the six months of this year for which we have the returns, what do we find? We find, under the existing tariff, that the quantity imported during the first half of this year was $2,915,000 worth, against $2,961,344 for the first half of the preceding year, and that the duties collected for the first half of this year amounted to $1,398,000, against $1,101,000, showing an increase of $297,000 during the first half of this year, and if we receive but two-thirds of this amount during the balance of the year, we will have more revenue out of sugar this year than during many years since the confederation of the provinces. Here we have $794,500 distributed amongst the owners of our vessels.

SIR ALBERT SMITH — Oh no, foreign vessels.

Sir LEONARD TILLEY — I am reminded that there were some foreign vessels. A considerable portion went to our own vessels, and there will be more this year, for a refinery is being established in Halifax, and I am happy to say there is one already in existence at Moncton. Here I may say, with reference to the Maritime Provinces, that having no refinery there in the past, the principal direct trade with the West Indies has been confined largely to Halifax and sent by train to Montreal, but now, with a refinery in Halifax and another in New Brunswick, there will be a change. We paid to vessels coming to Canada $247,000; to our coal industries for this interest alone, $96,000; 300,000 barrels manufactured, $96,000; wages of 400 hands, $160,000. What does 400 hands mean? It means 200 tenements occupied in the city of Montreal that would have been vacant, and not only that: you have these men, who are customers for every branch of trade and industry in that city, and now I am happy to say it extends beyond Montreal, to the lower provinces. In addition to these, we have other expenditures, amounting in all, as previously stated, to $794,500. Hon. gentlemen opposite may say: "Supposing all that to be true, the people of the Dominion pay more for their sugar than they did under the old tariff." That, sir, is greatly exaggerated. I hold in my hand what I believe to be a reliable statement with reference to granulated sugar during the past year. I have the prices for every month of 1880 in the United States and in Montreal. The prices in the United States averaged $6.52; add the old duty, (because I am making the statement under the

estimate of the old duty), 25 per cent., $1.63, one cent. per lb., $1, and all other expenses of every kind, 35 cents, that brings the price of granulated sugar to $9.50 as against an average price during the past twelve months of $9.75, or an increased cost of 25 cents per hundred as between the current price for the year and what it would have cost to import it under the tariff of 1877. Now, I am also informed, on what I consider reliable authority, that the yellow refined sugar is put on the market to-day by the refiners and sold at from 14 to 19 cents per hundred lbs. less than it could be imported from the United States under the tariff of 1878. I may go further, and say that grocery sugar No. 14 now pays ¾ cent per lb. and 30 per cent. duty only, when, under the tariff of 1878, it paid 1 cent. a pound and 25 per cent.

Sir RICHARD CARTWRIGHT — No.

Sir LEONARD TILLEY — I speak of that class of sugar of which I had a sample here a year ago, a very fair grocery sugar. That sugar is imported to-day at a quarter of a cent. per lb. less than it was in 1878, with 5 per cent. *ad valorem* more duty, but the packages containing it are free of duty when brought directly from the West Indies. Therefore, that class of sugar is nearly a quarter of a cent. per lb. less to the consumer to-day than it was in 1878. It is quite true that the *ad valorem* duty on raw sugars used by the refiners was increased from 25 to 30 per cent. in the tariff of 1879, but there should be no complaint by gentlemen opposite if the refiners have to pay that; it does not amount to that, because the practical effect, as there is no duty on the packages as there was in 1878, is that it does not cost a great deal more than under the tariff of that year. Therefore, looking at it from this standpoint, if the refined sugar cost an average of 25 cents a hundred more, and if yellow sugar of average quality is sold to-day at 17 cents per hundred less than under the old tariff, and No. 14 can be had a quarter of a cent. less per pound, then the people who consume sugar in Canada cannot be paying a very large sum over and above what they would have paid had the old tariff been in force.

THE SHIPPING INTEREST.

But we have in addition to that an industry created which represented $750,000 last year, which is increasing and growing, and will increase and grow, amounting during the current year probably to $1,000,000,

and what is more, the vessels that brought that sugar into the port of Montreal (because it was confined to Montreal during the past year) and brought the coal there necessary to refine it amounted to 62,000 tons. What effect had that upon the general industries of the country? It had this effect, that while it gave a large increase of revenue to the port of Montreal, it gave a largely increased business to that district of the country. But it did more. This fact, that those 62,000 tons of shipping were at that port, led to the shipment from it of a larger quantity of native and foreign products because there was freight at a reduced rate. The competition caused by those 62,000 tons did diminish very materially freights at Montreal last summer and every ten cents saved on a barrel of flour was so much left in the producers' pockets, and every half cent reduction in the freight of a bushel of wheat went into the farmers' pockets, as did also every ten cents saved in the freight of a box of cheese, and so with all similar reductions in freights of bacon, pork and other products. By the operation of this tariff we attracted last year to that port 62,000 tons of shipping that otherwise would not have been seen within it. I believe that indirectly, the whole Dominion and especially the West, experienced from it a great and decided advantage, but during the present year this advantage will be extended to the Lower Provinces, and with our sugar refineries in operation in Halifax and Moncton, what will be the result? There will be a large increase of trade between those provinces and the Dominion generally and the West Indies; when our vessels going to the West Indies have a return cargo of sugar and other articles, they will be able to carry away from our ports fish and other products at lower rates, which will give us the benefit of greater employment for our own vessels besides. If, then, we should pay 25c. per cwt. more on our refined sugar, the agriculturists of the West and the lumber and fish merchants of the Lower Provinces will have an advantage equivalent or even greater, in that increased trade with the West Indies, reduction of freights and larger exports from the Lower Provinces, including Quebec.

NEW FACTORIES.

The next point to which I shall call attention is the increase of our manufactories. Throughout the country we see new factories rising up and new establishments for the manufacture of locomotives and rolling stock, many of which I have had the pleasure of visiting. This shows

the increase of enterprise in the country. With reference to one new industry, the manufacture of beet-root sugar, my colleague beside me (Hon. Mr. Mousseau) has just handed me a cablegram from Paris, which he received to-day. I see my hon. friend opposite smiling, as much as to say, "These telegrams are very convenient." No doubt they are very convenient sometimes, but pretence is not necessary in this matter, for it is an established fact. The beet-root sugar factories, freed from payment of duty for ten years, by resolution of this House have now only two years to run, and the intention of the Government is to extend the period to eight years from July next. The machinery for the factory referred to in the telegram has been purchased in Paris. I come now to the furniture factories, in regard to which I find a considerable increase, though not so large as in some other industries. With regard to locomotives and rolling stock, the amount required by railroad companies, and largely by the Government, has been ordered, and is being manufactured in the Dominion. Look, for instance, at the Grand Trunk Railway Company alone. You need only enter their workshops at Montreal to see what a wonderful impetus has been given to that particular industry, and in every city you will find similar evidence of the beneficial operation of the National Policy. You will see, moreover, one factory for cars at Cobourg, another at London, and more in other localities, whereas under the old tariff they were imported from the United States. In the production of agricultural implements the last year or two witnessed a large increase. The makers complain that they do not make as large profits as before, but we find the quantity largely increased. The return for Manitoba shews a great increase in the purchase of Canadian manufactures and products since 1872, an increase that is marvellous; in that year the value reached but $390,000, and last year $3,600,000 worth of manufactures and products of Canada were carried into Manitoba and the North-West, a large portion being agricultural implements, and a new market has been opened for our wares in that country, from which those of American manufacture have been shut out. In the language of a gentleman I met at Kingston in April last, and who formerly lived in Canada, but now resides at St. Paul, Minn., "our tariff has killed his business with the North-West." The boot and shoe industry has increased 25 per cent., both as to the

amount produced and the number of the employés. We find them, moreover, working full time, while before they worked but two-thirds time. The manufacture of earthenware is constantly increasing, and that of hardware, including stoves, shovels and hoes, has received a new impetus. Among the new factories established are two for silks. They weave magnificent silks, and are preparing to make bands and ribbons. Paper manufactures are also increasing in number, and producing more than ever, wall and colored papers inclusive. We have also an additional paint manufactory on a large scale established in Montreal. The organ and piano industry is largely increasing everywhere, and the increased demand at home, which is something marvellous, is one indicator, at all events, that times are more prosperous, for such articles are purchased only when people can afford them. Then we have lock and brass works of various kinds, and for the first time we are manufacturing small wares, for which we were dependent upon our American neighbors. There are in addition corset factories that employ 500 or 600 hands, and one ready made clothing establishment employing 900. Soap and other manufactories are increasing steadily, all multiplying the number of workmen with increasing wages. From a careful examination, it is now established that the increase of raw material in value, by the application of machinery, capital and labor, throughout the Dominion, is $6,000,000, and the increased number of persons employed is 14,000, representing with their families a total of 42,000. About $4,000,000 passes to the hands of people engaged in those industries, which money is generally distributed. If, of those 14,000, 7,000 are occupiers of houses and tenants, they are building up a new city of 40,000 inhabitants each year, another of 20,000 more, because we do not import half of what they consume, the production of the balance giving increased employment to our own people. We are thus practically building up in a year a city of 60,000 inhabitants, with a capital expended last year in this way for buildings and machinery of $5,000,000 or $6,000,000. We are establishing new manufactories of various kinds apart from other expenditure to the advantage of our people, and all these are the results of the National Policy during the last eighteen months. I would ask the House whether, under the circumstances, the most sanguine supporters of this policy expected it would have accomplished so much in that time? The leader of the Opposition

stated that I intimated my intention of visiting the agricultural districts. I visited some of them last year, but not as many of them as of the manufacturing centres. Unfortunately for my plans in that respect, three members of the Government were absent in England a portion of last summer. Some of us had to keep watch and ward, and were unable to leave Ottawa as long as we desired.

INCREASE IN PRICES.

But what do we find? Some few facts are patent and can not be disputed. I know it is a vexed question, and hon. members on both sides of the House argue it from different standpoints, but it is clear that the effect of the tariff has been to increase the price of flour, wheat and other cereals, and from the most careful inquiry that can be made, I have arrived at this estimate, that flour is increased to the consumer in Canada but 10 cents per barrel. That is the calculation I make. There must be some speculation about it, but this is the most reliable estimate I can obtain. The increase in prices last June and July in Canada was unquestionably caused by the tariff. There are periods of the year after the harvest when we have a surplus in the market; when in spring a large portion has been manufactured, and owing to the increased demands by the millers the prices rise; when there is a surplus, and when a market must be sought elsewhere for the wheat, prices may not be materially affected, but at the same time there are periods in the year when the growers obtain a benefit, as they did last spring. With respect to rye, I find from investigation that there has been in parts of the Dominion at least a new inquiry for that article, and that the distillers of Ontario and Quebec, instead of using corn, are asking for and buying rye, giving growers an increased price as the result of the duty on corn. The duty on corn has increased its production in Ontario, especially in the western portion of the Province, whatever may be said with respect to other portions of the Dominion. With regard to oats, it is estimated that the result of the tariff has been to increase the price three cents per bushel to the consumer, and, if it is any comfort to hon. gentlemen opposite, to the lumber merchant. What did I further find? That no part of the tariff is more acceptable to the agricultural population than the increased duty imposed on fruit and fruit trees. Persons who desired to obtain

fruit in the early season when Canadian fruit was not fit to use, could afford to pay the increased duty. In the fruit season, and when we have a surplus, and we had a large surplus last year, it was admitted that if it had not been for the duty imposed last year's fruit crop could scarcely have found purchasers, and that though it had to be sold at low figures, yet the financial result would have been infinitely worse had there been no protection. With respect to bacon and hams, there is now a protection to the farmer of 25 per cent. I may here say that some of my hon. friends behind me have been urging on the Government to increase the duty on pork. That article is largely consumed by lumbermen, and that is an interest which we cannot legislate especially in favor of, and we wish to tax it as lightly as possible. We have not, therefore, seen our way clear to ask to increase the duty on pork at present. I may say that in looking over the trade returns we find that about 19 or 20 per cent. is the present duty on pork. Consider the effect of 42,000 additional consumers of vegetables, poultry, eggs, fish, butter and cheese, and everything that comes into the home market in the neighborhood of the manufacturing centres. They receive for all the products that may be considered perishable articles and cannot be exported to Great Britain, increased prices as the result of the increased number of people employed in manufactures and their prosperity.

OBJECTIONS TO THE TARIFF ANSWERED.

In 1879 and last year, especially in 1879, very grave objections were brought against our tariff by hon. gentlemen opposite, and in a very plausible manner. If some of those objections had been borne out by experience, the fact would have had some effect on the Government, but I am happy to say that, after a careful examination, evidence has proved that the fears entertained by hon. gentlemen opposite were without foundation, and that we stand here to-day with our policy vindicated in the face of the country. One of the objections put forward was that the tariff would reduce the foreign exports *via* Montreal and Quebec and the St. Lawrence by the imposition of customs duties on raw material or upon wheat and flour and products of foreign countries passing over our railways and through our canals to Europe. If that could have been established, there would have been some ground for considering how the fact should influence our conduct in the matter, but what are the facts? I glean

from the official records that, during the summer of 1878, the open season from May to November, there were exported of foreign products of the value of $6,743,771, in 1879 $9,437,727, and last summer $11,148,509 *via* Montreal. The Minister of Customs made arrangements by which the products of the Western States would pass through without let or hindrance, under regulations adopted by the Department, and no inconvenience whatever was felt. Now, let me say here that, in addition to this that, I think, the increased export was due, to a large extent, to the increased tonnage at the port of Montreal. When in St. Catharines in the autumn of 1879, the owners of vessels in the canal there told me that the reduced business on the canal was caused by the limited tonnage at the port of Montreal, and they had either to have increased accommodation there or pay the piper in the shape of high freights, or hold over their shipments until the spring, and I say that any policy which will increase the tonnage at Montreal will relieve this difficulty and give a larger trade to our railways and canals. Another objection was that the imports of English manufactures would decrease, while the importation of those from the United States would increase. In reply to that objection I will simply read a tabulated statement which I have in my hand, showing exactly what has been the course of trade between Canada and England, the United States and other countries respectively since 1874-5. In 1874-5 the importations from Great Britain were $60,000,000, from the United States $50,000,000, from other countries, $8,000,000, or 50 per cent. from Great Britain, 42 per cent. from the United States and 8 per cent. from other countries. In 1875-6 the figures were: Great Britain $40,000,000 or 43 per cent.; United States $46,000,000 or 48 per cent., and $8,000,000 or 9 per cent. from other countries; in 1876-7: Great Britain $39,000,000, United States $51,000,000, other countries $5,000,000, or 41 per cent. from Great Britain, 53 per cent. from the United States, and 5 per cent. from other countries; in 1877-8: From Great Britain $37,000,000, United States $46,000,000, other countries $5,000,000, or a percentage of 41 for Great Britain, 53 for the United States and 5 for other countries; in 1878-9 the amount from Great Britain was $30,000,000, from the United States $43,000,000, for the great bulk of the imports that were brought into the country in February, 1879, came from the United States, such as grey

cottons, refined sugars and a number of other articles;—in that year we imported from other countries $5,000,000, and the percentage for that year was 38 per cent. from Great Britain, 54 per cent. from the United States, and 6 per cent. from other countries. In 1879-80, we imported from Great Britain $34,000,000; from the United States $29,000,000 and from other countries $7,000,000, or a percentage of 48 from Great Britain, 40 from the United States and 11 from other countries; or, in other words, for the first time since 1874 the importations from England were in excess of those from the United States. The next argument of those hon. gentlemen was that the tariff would create an unfriendly feeling between England and Canada, and damage our credit. Let us see what is the evidence upon that point. I have in my hand a little pamphlet published in England, showing the exports from Great Britain to other countries, and I find that during the last calendar year the exports from Great Britain to Canada have increased by £1,200,000 or $6,000,000. This English writer shows that our trade has increased with that country instead of showing a material falling off, as hon. gentlemen predicted would happen under the trade policy of the Government. Then, sir, as to the effect upon our credit, I was able to show last year that our securities stood at 95½ and 96, as compared with 90 and 91 and 92 in 1878, and to-day I find that, with the accrued interest of 1½, they are 104½ and 105, or an increase of 7 or 8 per cent. The hon. gentleman opposite, my predecessor as Finance Minister (Sir Richard Cartwright), says, "That may be true, but the value of our securities have not increased in the same ratio as those of the United States." Now, on the 30th of December, 1878, 4½ U. S. bonds funded stood at 106½; in 1880, U. S. 4½'s stood at 115½ and 115¾; our securities in 1878 were worth from 89 to 91, while at the present moment they are quoted at 104½, a fact which shows an increase equal to that of United States securities. But I desire to allude to a fact of still more importance. In 1878 New South Wales securities stood higher in the money markets of England than any other colonial securities in the world; they were actually 5 per cent. in advance of ours at that time. To-day our securities are a little in advance of theirs, a fact which will show the relative credit of the two countries, though I admit that the increase is largely due to the abundance of money; but at any rate there is the fact that our securities have increased relatively to those of

New South Wales 5 per cent. during the last two years. I come now to another point, namely, the predicted increase of taxation upon the consumer. It was stated in 1879 by hon. gentlemen opposite, and repeated last year as well as during the recess, that the effect of this tariff was to add to the taxation of the people of Canada a sum of $7,000,000, while only $2,000,000 would be paid into the public treasury. I would like to ask the hon. gentleman how that could possibly be? I put the question not only to him but to hon. gentlemen on both sides of the House. If, say, our imports have been diminished by $6,000,000, add this to the $71,000,000 which represents the amount entered for consumption last year, and we have $77,000,000 as the amount representing our importations if we had not manufactured a certain quantity of goods at home. The average tariff for the last year has been 20 per cent., or one-fifth, which, upon the $71,000,000 is a sum of about $14,000,000; the additional duty upon the $6,000,000 (which we will estimate represents the reduction of imports) would be, if the goods had been imported instead of being made in this country, $1,200,000 instead of the $5,000,000 which the hon. gentleman named. But when I point to agricultural implements, a large portion of the cotton and woollen goods, a large portion of the iron manufactures, and many other articles with regard to which hon. gentlemen say the tariff is not popular, because it has increased the price of the raw material and not increased the price to the consumer, then I say but a very small portion of the $1,200,000 is paid by the people of this country as a result of the change in the tariff. But as to the contention of my predecessor (Sir Richard Cartwright) that a tax of $7,000,000 is imposed upon the people, and that $2,000,000 only goes into the Treasury, I confess I cannot understand it, and I hope that the hon. gentleman will so explain it that it may be understood by the House and by the country.

Mr. PLUMB — They tried to explain it in West Toronto last summer.

Sir LEONARD TILLEY — Another objection to the tariff was that it would break up the Union by distributing the taxation of the country unequally on the various provinces. In the language of my hon. friend from Centre Huron (Sir Richard Cartwright), the smaller provinces would pay a much larger sum proportionately than

the people of Ontario and Quebec. The hon. gentleman's sympathy for us by the sea appears unbounded, and I am sure I thank him for his sympathy, but let us see what foundation there is for it. It would, the hon. gentleman said, break up Confederation by imposing unequal taxation; it would dissever this admirable superstructure which we are all proud of; it would destroy that union which the country as a whole rejoiced to know had been accomplished, and which was in the interests of the whole country. But let us see how this unequal taxation, during the last year, under this tariff, has been bearing on the different provinces. I have prepared from the trade returns some tabulated statements that I desire to draw the attention of the House to, and which show that if the tariff has borne more heavily upon one section of the Dominion than another — and there has been, taking all things into consideration, not much difference — it appears to have borne more heavily upon Ontario and Quebec than upon the smaller provinces. The increase in the rate of duty on goods entered for consumption in the several provinces, under the new tariff, is as follows: — Ontario and Quebec, 3·76 per cent., Nova Scotia, 2·55 per cent., New Brunswick, 2·18 per cent., Manitoba, 2·12 per cent., British Columbia, 5·08 per cent — British Columbia seems to have had in this matter her share; I will explain briefly one of the causes that led to that; perhaps it may be remedied this session to some extent; — Prince Edward Island 2·21 per cent. In the Province of Quebec last year a large portion of the revenue was received on sugar refined. In New Brunswick $45,000 worth less sugar was entered than in the year previous. Instead of being imported from the United States, it was imported from Montreal, and taking into account the fact that the imports of other provinces were also reduced, the percentage paid by Ontario and Quebec will be reduced. The average of the total increase was 3.60 per cent. I now come to the statement made in the trade returns by the hon. Minister of Customs, showing the rate of taxation per head of the population in the different provinces, based on the population of 1871. Taking the population of 1871 as the basis gives a higher rate per head than would our present population, but applying the same rule to all the provinces, the rates will be the same. In Ontario and Quebec for 1878-79, the rate was $3.51 per head and for 1879-80 $4.08 per head, an

increase of 57c, arising largely out of the increased duty paid on sugar ; in Nova Scotia for 1878-79, the rate was $3.05 and in 1879-80 $3.14, an increase of 9 cents ; in New Brunswick for 1878-79 the rate was $3.67 and in 1879-80 $3.05, showing a decrease of 62 cents ; in Manitoba the increase was 78 cents ; in British Columbia, though the percentage on the imports was greater, the decreased rate per head was 68 cents ; the rate of Prince Edward Island decreased 8 cents and the average increase for the whole was 33 cents per head. Instead, therefore, of the smaller provinces paying more in the shape of percentage per head of the population than the larger provinces, it will be seen that, even making allowances for distributing the sugar duty collected in Montreal over all the provinces, the amount paid by the smaller provinces is less, if I except British Columbia, which, according to one mode of calculation, pays a higher percentage, and, according to the other, has the advantage. If that be the case, the tariff is not calculated to break up the Union on that head. My experience has been that Ontario and Quebec have always been willing to deal liberally with the smaller provinces, and I believe that, no matter what party may be in power, they will always continue that policy, so that they need not be alarmed with reference to the operation of this tariff. In the next place, it was said the tariff was going to destroy the shipping industry. Well, I know we cannot legislate very materially to protect that interest, but I will tell you what we did do : we imposed the taxation in such a way that the shipping industry would not feel it, but would be in a better position than before. I have here a return of the drawbacks paid from December, 1879, to December, 1880, to the different shipbuilders, showing an amount paid of $60,601.33. In the whole of this return you will find that while 75 cents per ton is given on the best class of shipping, there is but one application asking for a return of the whole duty paid, that amounts to one dollar per ton, whereas before there was a certain amount of duty that had to be paid and there was no drawback. I am willing to submit that statement to prove beyond doubt that the shipping interest of the Dominion is to-day in a better position than under the former tariff. The position of the lumber interest I have carefully gone into. I have made a calculation to show what it costs to produce 2,000,000 feet of logs, including in the calculation the feed, oats, pork and everything of that

kind, then I deducted the reductions in duties where the duties have been reduced, and added them where they have been increased, and the net increase does not amount to one per cent. on the cost of production of 2,000,000 feet of logs when placed at the tail of the mill, while on the imports the average increase is nearly 4 per cent. When the friends of the lumber interest presented their case pretty strongly with reference to the duty on pork, I did not feel that duty hurt them very much, especially when the rate of duty on imports generally was increased 4 per cent. The tariff had to be increased to meet our deficits. Every interest was bound to pay its share, but feeling that we could not protect the lumber interest, we felt bound to touch it as lightly as possible. It drives the people out of the country, they say. Well, sir, I think the exaggerated statements about the exodus are pretty well exploded; I think, after the articles we have read in the Opposition press on this subject, that we shall hear no more of that. The hon. leader of the Opposition the other night, when pressed, referred to a speech that I delivered in Toronto. I said in that speech, and I repeat it here, that there has been an exodus. Still hon. gentlemen opposite say that we have been discussing this matter to show that there has been no exodus. We have never said there had been no exodus; what we say is that there has been an enormous and unjustified exaggeration of it. I am not surprised that the American authorities should strive to lead away the immigration from Canada to the United States, and I doubt not that some of these persons have been paid by the railway companies of the United States to make these statements in order to lead people from Canada to the United States. What are we to think when we find a leading member of the Opposition and the hon. leader of the Opposition himself taking up these statements, and when we find the ex-Finance Minister, after the hon. Minister of Agriculture had refuted the statements, replying that these were obtained from official authorities in the United States, and that he himself had made inquiries since they were questioned, and found that they were reliable? It is to be regretted that leading gentlemen in the Opposition and the leading members of the press of the Opposition should, during the last twelve months, have thought it necessary, in order to damage this policy and the Administration, to make statements and to publish statements to the country that cannot now be verified or sustained. If

the object was but a petty victory at some election, I feel that it would be indefensible. When at Stratford last autumn I took up the statement made by the ex-Finance Minister with reference to this emigration, and stated that I had it from good authority from the Minister of Agriculture, that by the Grand Trunk, the principal railway, the whole number of through passengers from all quarters was only 53,000, the organ of the hon. gentlemen at Sarnia stated that I had misled the people in a manner unworthy of a man occupying my position, and called upon me to establish what I had said or to stand as a public man who had made a statement that was not true. Now, it appears that the statement made by the Opposition was not at all warranted. But there has been an emigration, and why was it? It was from this cause: the United States had become prosperous a year or two before we had introduced this policy, and before we had begun to feel its effects here; wages had increased, strikes were organized, and contractors came into the Dominion and held out inducements to our people to leave Canada, and it was natural that they should not resist them—the depression of the previous five years had produced such an effect, that, although this policy was inaugurated, it did not, as its opponents said it should do if a success, restore by magic, as it were, all the industries of the country to a condition equal to that which it took the people of the United States twenty years to reach, and which had the effect of leading our people away where we had not the power and the means of inducing them to stay at home that we have now. But happily we have evidence that they are returning to the country. I know many manufacturers who cannot obtain men enough, and while there has been an exodus, the people who left us are returning, and with them are coming many others in search of employment in this country. Just here I may refer to a new objection raised by the hon. member for South Brant (Mr. Paterson) the other day when he referred to the diminished exports. Why, sir, to my mind the diminished exports last year, as compared with 1878, are an evidence of the improved prosperity of manufactures.

Some hon. members — Hear, hear.

Sir LEONARD TILLEY — Yes, sir, they were driven out of their own market in 1878 by their competitors from the United States, and they had either to find a market abroad or close up their establishment,

and I have no doubt that in many cases they preferred making a sacrifice to doing that. The hon. gentleman said that there was $1,200,000 difference between the exports of manufactures in 1878 and those in 1880.

Mr. PATERSON (Brant) — A decrease of $885,000.

Sir LEONARD TILLEY — $885,000 was the decrease, of which $700,000 odd was the sale of ships. What was the fact? In 1872, 1873, and 1874 our shipping industry was most prosperous; many men who had means and many men who had not much means, but had credit, invested in ships, but down to 1878 the trade was decreasing year after year, and in many cases these ships were yielding no profit, and men on the other side of the water who had mortgages on the ships, finding that there was no probability of their being paid, came down to Nova Scotia, New Brunswick, Quebec and Prince Edward Island in 1878, and compelled many ship-owners to close up their accounts and transfer many of their ships. Then a large number of vessels in 1878 were sold to Norway. Under a provision of the Plimsoll bill, our ships, detained at Liverpool or some other English port, had to submit to regulations which were not imposed on foreign vessels, and I know of some parties who transferred their ships to Norway in order that they might not be subject to the operations of the Plimsoll bill, and I have no doubt that a great many of the ships said to have been sold to Norway were transferred for that purpose. I admit that in 1880 the tonnage of ships constructed in Canada was less than that of 1878; we know the reason: there is less demand for wooden ships, because iron ships are taking their place, and if there is anything demanded of the Government and Parliament of this country, it is that they should devise some means by which the shipbuilders and mechanics formerly engaged in the construction of ships in this country may be employed. I refer to this subject just now because my hon. friend endeavored, before we had started on our march, to make a flank movement upon us, which I am happy to say did not succeed.

Mr. PATERSON (Brant) — It is because you were so late in delivering your budget speech — sixty-nine days up to the present.

Sir LEONARD TILLEY — That is sufficient apology ; the consequence to the hon. gentleman might have been serious had he not delivered himself.

Mr. PATERSON (Brant) — If the hon. gentleman will allow me, I will state that in the 35 articles of which there has been a decrease in the exports, ships are included to the amount of some $700,000 ; but in the other articles there is a decrease in our exports of $733,000.

Sir LEONARD TILLEY — I looked into that matter last night, taking the exports of the manufactures of Canada for 1878, and those for 1880 ; in both cases he included ships. It made over $800,000 taking the whole of the exports, and if we take the ships out it made a difference of only about $100,000.

GENERAL PROSPERITY OF THE COUNTRY.

Now, I desire to approach a question in which we are all interested, and that is the general prosperity of the country. I do hear occasionally some of our friends in the Opposition saying, " Oh, well, times are better, they are improved, but then the National Policy has had nothing to do with it." I thank them for that, because it is really something for the country to have hon. gentlemen opposite say that times have improved in Canada. It has been a long time since they have done that. Now, I have some few facts before me which I think are calculated to establish pretty clearly that times have improved. Look at our commerce. In 1878-79 vessels inward and outward amounted to 6,088,550 tons ; in 1879-80 they were 6,786,000 tons, an increase of 700,000 tons, while in the latter period there were 112,525 seamen against 104,039 in the former period, We hear some hon. gentlemen say, " What has that got to do with manufactures ? " As I stated before, 100,000 tons of that increase was due to the importation of coal and sugar alone, the direct result of the restoration of the refining industries. The total exports for 1878-79 were $71,491,000, those for 1879-80 were $87,911,000, or an increase of $16,420,000 ; the annual average excess of imports over exports since 1867 amounts to $20,000,000 a year ; last year the excess of exports was $1,451,711—the first instance of the kind in the history of Canada. That is due to a certain extent to two causes : first, because we increased the value of raw materials by manufacture by $6,000,000, which diminished the value of the imports by the same sum ; then we increased the exports,

due partly, I admit, to an abundant harvest, for which we have great reason to be thankful. Then, with reference to the coal interest as I stated before, the coal producers of Nova Scotia sold in 1878-79 688,624 tons, in 1879-80, 944,615 tons, or an increase of 255,000 tons; in British Columbia last year they exported 30,738 tons more than the year before; increased production in Nova Scotia and British Columbia for the last year was 286,729 tons. Then there is an increase of trade with the West Indies from $1,033,849 in 1877-78, to $1,252,429 in 1878-79, and $3,151,754 in 1879-80. The imports from China and Japan were $383,676 in 1877-78, $448,962 in 1878-79, and $893,-911 in 1879-80. Now we come to some other facts which are a test of the condition of the country; for instance, the value of the stocks of thirteen banks of the Dominion on the 1st of February, 1879. The paid-up capital then was $38,465,864; the value of the rates at which they were then sold was $38,921,015; the value on the 1st of February, 1881, was 53,237,168, or an increase of $14,316,153 on the $38,000,000 of bank stock in the two years. The deposits in the Dominion banks, taking them altogether from December, 1878, to December, 1880, not including Government deposits, were, in 1878, $66,406,516; in December, 1880, they were $79,239,416, or an increase of $12,832,900. The deposits with the Dominion post offices and in the Dominion saving banks for the fiscal year of 1878 amounted to $8,998,113, in 1879 $9,846,982, in 1880 $11,688,356; on the 31st of January,1881, they were $14,730,-594, an increase of $5,732,481 in two years in the savings of the people, in addition to the $12,832,000 of additional deposits in the banks, making altogether $18,500,000 of increased deposits. Then we will take the receipts of Canadian railways: in 1879, 3,722 miles of road yielded $15,789,101; in 1880, 3,744 miles yielded $21,241,756, or an increase of $5,452,655.

Hon. Mr. MILLS—Is that the local traffic or the total traffic?

Sir LEONARD TILLEY—That is the whole traffic. A portion of that is due to the distribution of the sugar that was refined in Montreal. Before it came in largely by the Niagara bridge, they did not carry it so far, but when it had to go from Montreal to all parts of the Dominion, they got something extra out of that, too. I think that with these facts before us we will be prepared to admit that the country is in a prosperous condition. We do not claim all that for the National

Policy, oh no, but I think that the National Policy has had a good deal to do with it, in the first place by giving confidence to the people who had their capital invested in Dominion industries. Even on the 14th of March, 1879, the day after the new tariff was adopted, there was increased confidence on the part of every man who had capital invested, and if you travel over the Dominion to day, and are brought into communication with men of all classes and all branches of business, they will tell you that business has vastly improved. We have few losses now, whereas we had numerous bankruptcies before. In conversation the other day with a large importer doing business at Montreal, he said, "Last year we did an enormous business, and we lost but $40 in bad debts; everywhere we have prompt payments; money is more abundant, business everywhere is better, and the N. P. has had a good share in bringing about these improvements."

TAXATION.

Now, there has been a good deal said about the increase of the expenditure and of taxation upon the people of Canada since 1874. That was the burden of speeches made last summer when elections were being held, and last autumn, I think it was my hon. friend from South Brant (Mr. Paterson) who stated that this Government was very extravagant and was ruining the country, and I think that my hon. friend, the late Finance Minister, stated that on the return of the present Ministry to power, the expenditure began to increase. "You may look for a large increase," he says. I should not wonder if in 1883 we should have an expenditure of $28,000,000. Last session the hon. leader of the Opposition went out of his usual sphere, and made an elaborate statement of our financial affairs. He apologized for doing so, but it was not necessary, as he handled the subject in a very able manner. Still, perhaps, his attention had not been called to a few figures I am now about to give him on this subject. The taxation necessary to meet the expenditure from 1873-74 to 1879-80 may be stated as follows:—We may take this $2,000,000 of surplus, as we are estimating what is necessary to meet the expenditure of the country in the shape of customs and excise; we would take out that $2,000,000, because we are not spending it. If we had a deficiency of $1,000,000, we would have to add the million to the amount collected from customs and excise, because we would have

required it to meet the expenditure. Then I take the increase of population under the census of 1871; it was about 12¾ per cent. between 1861 and 1871, and I estimate it at 12½ per cent. between 1871 and 1881; I divide that by ten, adding one-tenth to each year from 1871. Taking money necessarily collected from customs and excise for the purpose of paying the necessary expenditure of the country, we find it to be as follows per head for the population:—

1873–4	$ 5.01
1874–5	5.07
1875–6	5.22
1876–7	4.82
1877–8	4.71
1878–9	5 02
1879–80	4.87

And under the estimated expenditure of the present year (1881) $4.98, as against $5.22 in 1875-6 and $5.07 in 1874-5. It must be borne in mind that between 1873-4 and the time when the present Government came into power our debt was increased $40,000,000, and during the last two years $18,000,000 for railways and canals was added, for which we are providing, notwithstanding that it was but $4.87 per head of the population last year, and it is estimated this year it will be but $4.98; this is a matter I have gone into so carefully that I am satisfied I am correct, but, of course, it is quite open for my predecessor, the late Finance Minister, to show that I am wrong with reference to this matter, if my statement is erroneous.

Sir RICHARD CARTWRIGHT—What do you hold the population in 1881 will be?

Sir LEONARD TILLEY—If there is any error it is in favor of my hon. friend, because I divide by ten, and you will see that at this same percentage the increase would be larger in the last year, while we give him the benefit of the 1¼ per cent. from the commencement.

THE DOMINION DEBT.

Now, as we are entering upon a great work, and I feel one which the country will sustain this House in undertaking, it is necessary that we should see how the debt of the Dominion of Canada stands to-day, and how it will stand when that work is completed, as compared with the debts of other countries and the comparative rates of taxation. I

have obtained information with reference to the debts of the different Australian colonies for the purpose of comparison. The following is the statement :—

Debts per head of the population of the following countries, June 30, 1878, and taxes per head for the same year ;—

	Debt.			Taxation.		
	£	s.	d.	£	s.	d.
New South Wales	20	6	10¼	1	15	7¾
Victoria	22	5	10	1	19	4¾
South Australia	25	9	6	2	1	3
Queensland	46	16	0	2	18	11¼
Western Australia	12	11	10	3	1	7¼
Tasmania	15	17	8	2	2	6
New Zealand	51	13	3¼	3	4	4
Canada, gross debt	9	7	2	1	0	7½
Do. net debt	6	14	1½			

If the engagements in connection with the Canadian Pacific Railway should mature during the current fiscal year, the revenue of the year would be found to be sufficient to pay the interest on the debt, including these liabilities and all other charges upon the consolidated revenues, and the net debt of the Dominion would not exceed £9 9s 4d per head of the present population, and the taxation for the year would not exceed £1 2s 2d, or less than one half the average taxation of the Australian colonies. Now, that would not justify extravagance on our part, but I make this statement to show our people that our taxation will only be one-half when that work is completed of what the average is in those Australian colonies, and that, under those circumstances, with our country in its present prosperous condition, and with a certainty of a continuance of that prosperity, they need have no fear of the future. Some gentlemen may say bank stocks have increased in value because of the good harvest. That would only produce temporary results, but they have increased in value because the assets that the banks held were made more valuable by this policy, which is giving an impetus to the trade of the whole country, and if we may judge from the improvement visible in the last two months, since it has been known that there was a certainty of the Syndicate taking the Pacific road off our hands and constructing it rapidly, that the liabilities of the country in connection with this undertaking were fixed, and that this road would be completed

within ten years. That fact, in connection with the National Policy, had much to do in increasing the value of stocks and of real and personal property everywhere, and giving a hopeful feeling to the people throughout the lengthand breadth of the Dominion.

A BRIGHT FUTURE BEFORE THE COUNTRY.

It is said we on this side of the House are sanguine, and that I am an exceedingly sanguine person. I will not undertake to prophesy, but I ask the members of this House and the people generally to look at the state of trade and our prospects, and say if they have ever been more hopeful than at present ? I firmly believe, although we have not a high protective tariff, that by a readjustment of our tariff from time to time for the encouragement and development of the resources of the country and with our vast and fertile belt of lands in the North-West, there is reason why we should be hopeful and why the most sanguine expectations of the people of the Dominion should be fully realized. I feel, standing here and speaking as the representative of the Government, that we have ample proof and evidence to vindicate us in the policy that we have adopted, and that the gentlemen who support us in this House (and it is as much their measure as ours) will be vindicated by those who sent them here. Having heard the leader of the Opposition say, a few nights since, that he would go back to the tariff of 1878, I would prophesy this (and it is the only prediction I will make) : that if the hon. gentleman continues to entertain these views and propounds them at the elections of 1883, this wave of prosperity that is passing over this country will submerge him and the gentlemen acting with him who seek the destruction of this policy, and it will be fatal to them as a party. They may patriotically feel that it is their duty to do it, but the consequences will, nevertheless, be as certain.

THE TARIFF RESOLUTIONS.

In committee, I propose to submit some resolutions, of which the following is a summary :—

SYNOPSIS OF TARIFF RESOLUTIONS.

Schedule A.—Dutiable Goods.

Agricultural Implements — Mower and reaper knives to be added as parts of department; rules, same as now.

Books—Printed matter not enumerated to be added at same rate, 30 per cent.

Britannia Metal—In pigs and bars, 10 per cent.

Manufactures of—Not plated, 25 per cent., now altered to 20 per cent.

Cocoanuts—Present duty, $1 per hundred, when from place of growth, to be 50c.

Cordage—To include Manilla mouline, 20 per cent., being plentifully made in Canada.

Cotton and Manufactures of—Amendment intended to make white or dyed cans, contilles, cambrics, silicias, etc., uniform rate 20 per cent.; some now 2c. per square yard and 15 per cent.

Cotton, over 36 inches wide, for oiled window blind manufactures to be 15 per cent.; now 2c. per square yard and 15 per cent.

Clothing, of any material not elsewhere specified, to be uniform duty 30 per cent.; now according to material.

Glass and Manufactures of—Word "moulded" inserted, and words "or fruit" taken out to make item plain, and side lights and head lights added at 30 per cent.; the latter now rated according to material, and sometimes not properly rated.

Gun, Rifle and Pistol Cartridges — To be uniform at 30 per cent.; now rated according to material.

Grain, Flour and Meal, now specific duty, to be 20 per cent. upon appraised value when damaged by water.

Iron and Manufactures of—Axles, rivets and nuts to pay same duty, whether of iron or steel; rolled beams, channels, and angle and "T" iron, now 15 per cent., to be reduced to 12½ per cent.; wrought iron tubing, now all 15 per cent., to be changed and make all of two inches diameter and under, 25 per cent.

Chain Cables, over ½ inch, now 5 per cent., change size to read over $\frac{9}{16}$ of an inch.

Laces, Braids, Fringes, Cords, Tassels, now various rates according to material, to be all 20 per cent.

Lead, Old and Scrap, to be 40c. per 100 lbs; pigs, bars, blocks and sheets, to be 60c. per 100 lbs; both now 10 per cent.

Leather—Kinds now dutiable at 15 per cent. not well defined; item changed, and kinds more clearly specified, but duty not changed.

Licorice Root—The root was inserted here in error, it is in the free list, and is to be expunged from the dutiable item.

Marble, Finished, now 25 per cent., to be 30 per cent.

Musical Instruments, except Pianos and Organs, now rated according to material, to be all uniform duty, 25 per cent.

Oil—Lubricating, now often difficult to determine duty, being of mixed materials to be 25 per cent.

Paints—White lead in pulp, not in oil, to be 5 per cent.

Ribbons—All kinds and materials to be 30 per cent.; now different rates, according to materials.

Oilcloth for Floors, etc.—Wording of item changed to avoid discrepancies in rating, but duty not changed, 30 per cent.

Platedware—Cutlery, plated wholly or in part; specified in item to make it plain; duty not changed.

Plaster of Paris—Ground, not calcined, now 20 per cent., to be specified; 10c. per 100 lbs, to avoid difficulties in valuation.

Printing Presses—Now 15 per cent., to be 10 per cent.

Silk, in Gum—Item changed to read "or spun not more advanced than singles;" this to favor ribbon manufacturers.

Spirits and Strong Waters—To include medicinal elixirs and fluid extracts and wine preparations at $1.90 per gallon, now difficult to rate; makes matter plain.

Steel—Free until 1st January, 1882, extended to 1883.

Canned Meats, Fruits and Tomatoes—Specific rates of duty to include in the cans, and weight of cans to be included in weight for duty; this has been established by Order in Council, and acted upon in the past.

Satins of all kinds to be 25 per cent; now various according to material of chief value.

Screws—Of any materials not elsewhere specified to be 30 per cent; wood screws are now 35 per cent., and other various rates according to material.

Shawls of all material, except silk, to be 25 per cent.; now various rates.

Slates—Roofing slates, now 25 per cent., to be specified at 80 cents and $1 per square.

Sulphuric and nitric acid, combined, to be 20 per cent., this is so now under Order in Council.

Telephones, telegraphic instruments, electric and galvanic batteries and apparatus for electric lights, to be 25 per cent.; now rated according to material.

Umbrellas, parasols and sunshades of all kinds and materials, to be 25 per cent.; now rated according to materials.

Velvets—Silk, to be 25 per cent.; now 30 per cent.

Velveteens and cotton velvets, to be 20 per cent.

German and nickle silver—Manufactures of not plated, to be 25 per cent.; now uncertain.

Wincies—Not more than one quarter wool, plain and twilled, all widths, 20 per cent.; checked, striped or fancy, not over 25 inches wide, 20 per cent.; checked, striped or fancy, over 25 and not over 30 inches, 2 cents per square yard and 15 per cent., but all checked, striped fancy over 30 inches, containing wool as part of material, to be rated as "woollen goods."

Woollens—Horse clothing, shaped, added to prevent misapprehension, no alternation in duty.

Schedule B—Free List.

To be added:—

Beans—Vanilla and nux vomica, belladonna leaves.

Books—Education, for the use of schools for deaf and dumb exclusively.

Bones—Crude, etc.; the word "and" to be stricken out to avoid mistakes.

Colors—Dry and in pulp, item to be changed so as to add a number used by wall paper maker and others.

Cinchona bark and ergot.

Forest trees for planting, free for Manitoba and North-West Territory.

Horn strips, for making corsets.

Potash, Bichromate of. Extract of oak bark.

Roots, medicinal—aconite, calamba, ipecacuanha, sarsaparilla, squills, taraxacum and valerian. Various others roots are already free.

Steel, free to 1st January, 1882, extended to 1883.

Prohibitions to be added to accord with Copyright Act:—Foreign reprint of British copyright works, copyrighted in Canada and of Canadian copyrighted works.

Sir LEONARD TILLEY resumed his seat amid great applause, and it being six o'clock, the House took recess.